

AMENDED IN SENATE MAY 1, 2012  
AMENDED IN SENATE APRIL 16, 2012  
AMENDED IN SENATE APRIL 9, 2012

**SENATE BILL**

**No. 1128**

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**Introduced by Senator Padilla**  
*(Coauthor: Senator Rubio)*

February 21, 2012

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An act to amend, repeal, and add Sections 26003, 26011, and 26011.8 of the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1128, as amended, Padilla. Energy: alternative energy financing.

Existing law authorizes the California Alternative Energy and Advanced Transportation Financing Authority, until January 1, 2021, to provide financial assistance in the form of a sales and use tax exclusion for a project to promote California-based manufacturing, California-based jobs, the reduction of greenhouse gases, or the reduction in air and water pollution or energy consumption.

This bill would additionally authorize the authority, until July 1, 2016, to grant the above financial assistance to projects that promote the utilization of advanced manufacturing, as defined. The bill would require the authority, until July 1, 2016, to study the efficacy and cost benefit of the sales and use tax exemption for advanced manufacturing projects. *The bill would require the authority, before January 1, 2017, to submit to the Legislature a report on the study.* The bill would require the authority, until July 1, 2016, to work with the Legislative Analyst's Office to determine the most efficient and cost effective way for the state to create jobs in advanced manufacturing. The bill would require

the authority, until January 1, 2021, to work with the University of California or the California State University to perform a peer review of the net benefits test used to evaluate applicants applying for the sales and use tax exemption.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
 State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 26003 of the Public Resources Code is  
 2 amended to read:  
 3 26003. (a) As used in this division, unless the context  
 4 otherwise requires:  
 5 (1) (A) “Advanced manufacturing” means manufacturing that  
 6 improves existing, or creates entirely new, materials, products,  
 7 and processes through the use of science, engineering, or  
 8 information technologies, high-precision tools and methods, a  
 9 high-performance workforce, and innovative business or  
 10 organizational models in any of the following technology areas:  
 11 (i) Micro- and nanoelectronics, including semiconductors.  
 12 (ii) Advanced materials.  
 13 (iii) Integrated computational materials engineering.  
 14 (iv) Nanotechnology.  
 15 (v) Additive manufacturing.  
 16 (vi) Industrial biotechnology.  
 17 (B) “Advanced manufacturing” includes all of the following:  
 18 (i) A production system capable of furnishing a mix of products  
 19 in small or large volumes, with both the efficiency of mass  
 20 production and the flexibility of custom manufacturing, to respond  
 21 rapidly to customer demand and desired quality.  
 22 (ii) Systems that result from substantive advancement, whether  
 23 incremental or breakthrough, over the current state of the art, in  
 24 the production of materials and products. These advancements  
 25 include improvements in manufacturing processes and systems  
 26 that are often referred to as “smart” or “intelligent” manufacturing  
 27 systems, which integrate computational predictability and  
 28 operational efficiency.  
 29 (iii) Systems that produce goods that minimize the use of  
 30 resources while maintaining or improving cost and performance.  
 31 (iv) (I) Systems and technologies that are sustainable.

1 (II) Sustainable systems and technologies do not include those  
2 required to be undertaken pursuant to state or federal law or  
3 regulations, air district rules or regulations, memoranda of  
4 understanding with a governmental entity, or legally binding  
5 agreements or documents. The State Air Resources Board shall  
6 advise the authority to ensure that the requirement of this subclause  
7 are met.

8 (2) “Advanced transportation technologies” means emerging  
9 commercially competitive transportation-related technologies  
10 identified by the authority as capable of creating long-term, high  
11 value-added jobs for Californians while enhancing the state’s  
12 commitment to energy conservation, pollution reduction, and  
13 transportation efficiency. Those technologies may include, but are  
14 not limited to, any of the following:

- 15 (A) Intelligent vehicle highway systems.
- 16 (B) Advanced telecommunications for transportation.
- 17 (C) Command, control, and communications for public transit  
18 vehicles and systems.
- 19 (D) Electric vehicles and ultralow-emission vehicles.
- 20 (E) High-speed rail and magnetic levitation passenger systems.
- 21 (F) Fuel cells.

22 (3) (A) “Alternative sources” means the application of  
23 cogeneration technology, as defined in Section 25134; the  
24 conservation of energy; or the use of solar, biomass, wind,  
25 geothermal, hydroelectricity under 30 megawatts, or any other  
26 source of energy, the efficient use of which will reduce the use of  
27 fossil and nuclear fuels.

28 (B) “Alternative sources” does not include a hydroelectric  
29 facility that does not meet state laws pertaining to the control,  
30 appropriation, use, and distribution of water, including, but not  
31 limited to, the obtaining of applicable licenses and permits.

32 (4) “Authority” means the California Alternative Energy and  
33 Advanced Transportation Financing Authority established pursuant  
34 to Section 26004, and any board, commission, department, or  
35 officer succeeding to the functions of the authority, or to which  
36 the powers conferred upon the authority by this division shall be  
37 given.

38 (5) “Cost” as applied to a project or portion of the project  
39 financed under this division means all or part of the cost of  
40 construction and acquisition of all lands, structures, real or personal

1 property or an interest in the real or personal property, rights,  
2 rights-of-way, franchises, easements, and interests acquired or  
3 used for a project; the cost of demolishing or removing any  
4 buildings or structures on land so acquired, including the cost of  
5 acquiring any lands to which those buildings or structures may be  
6 moved; the cost of all machinery, equipment, and furnishings,  
7 financing charges, interest prior to, during, and for a period after,  
8 completion of construction as determined by the authority; the cost  
9 of the purchase or sale of energy derived from an alternative source  
10 pursuant to paragraph (7) of subdivision (a) of Section 26011;  
11 provisions for working capital; reserves for principal and interest  
12 and for extensions, enlargements, additions, replacements,  
13 renovations, and improvements; the cost of architectural,  
14 engineering, financial, accounting, auditing and legal services,  
15 plans, specifications, estimates, administrative expenses, and other  
16 expenses necessary or incident to determining the feasibility of  
17 constructing any project or incident to the construction, acquisition,  
18 or financing of a project.

19 (6) “Financial assistance” includes, but is not limited to, either,  
20 or any combination, of the following:

21 (A) Loans, loan loss reserves, interest rate reductions, proceeds  
22 of bonds issued by the authority, insurance, guarantees or other  
23 credit enhancements or liquidity facilities, contributions of money,  
24 property, labor, or other items of value, or any combination thereof,  
25 as determined by, and approved by the resolution of, the board.

26 (B) Any other type of assistance the authority determines is  
27 appropriate.

28 (7) “Participating party” means either of the following:

29 (A) A person, or an entity or group of entities engaged in  
30 business or operations in the state, whether organized for profit or  
31 not for profit, that does either of the following:

32 (i) Applies for financial assistance from the authority for the  
33 purpose of implementing a project in a manner prescribed by the  
34 authority.

35 (ii) Participates in the purchase or sale of energy derived from  
36 an alternative source pursuant to paragraph (7) of subdivision (a)  
37 of Section 26011.

38 (B) A public agency or nonprofit corporation that does either  
39 of the following:

1 (i) Applies for financial assistance from the authority for the  
2 purpose of implementing a project in a manner prescribed by the  
3 authority.

4 (ii) Participates in the purchase or sale of energy derived from  
5 an alternative source pursuant to paragraph (7) of subdivision (a)  
6 of Section 26011.

7 (8) (A) “Project” means a land, building, improvement to the  
8 land or building, rehabilitation, work, property, or structure, real  
9 or personal, stationary or mobile, including, but not limited to,  
10 machinery and equipment, whether or not in existence or under  
11 construction, that utilizes, or is designed to utilize, an alternative  
12 source, or that is utilized for the design, technology transfer,  
13 manufacture, production, assembly, distribution, or service of  
14 advanced transportation technologies, alternative source  
15 components, or an arrangement for the purchase, including  
16 prepayment, or sale of energy derived from an alternative source  
17 pursuant to paragraph (7) of subdivision (a) of Section 26011.

18 (B) “Project,” for the purposes of Section 26011.8, means any  
19 tangible personal property that is utilized for the design,  
20 manufacture, production, or assembly of *advanced manufacturing*,  
21 advanced transportation technologies, or alternative source  
22 products, components, or systems.

23 (9) “Public agency” means a federal or state agency, department,  
24 board, authority, state or community college, university, or  
25 commission, or a county, city and county, city, regional agency,  
26 public district, school district, or other political entity.

27 (10) (A) “Renewable energy” means a device or technology  
28 that conserves or produces heat, processes heat, space heating,  
29 water heating, steam, space cooling, refrigeration, mechanical  
30 energy, electricity, or energy in any form convertible to these uses,  
31 that does not expend or use conventional energy fuels, and that  
32 uses any of the following electrical generation technologies:

33 (i) Biomass.

34 (ii) Solar thermal.

35 (iii) Photovoltaic.

36 (iv) Wind.

37 (v) Geothermal.

38 (B) For purposes of this subdivision, “conventional energy fuel”  
39 means any fuel derived from petroleum deposits, including, but

1 not limited to, oil, heating oil, gasoline, fuel oil, or natural gas,  
2 including liquefied natural gas, or nuclear fissionable materials.

3 (C) Notwithstanding subparagraph (A), for the purposes of this  
4 section, “renewable energy” also means ultralow-emission  
5 equipment for energy generation based on thermal energy systems  
6 such as natural gas turbines; landfill gas turbines, engines, and  
7 microturbines; digester gas turbines, engines, and microturbines;  
8 and fuel cells.

9 (11) “Revenue” means all rents, receipts, purchase payments,  
10 loan repayments, and all other income or receipts derived by the  
11 authority from a project, or the sale, lease, or other disposition of  
12 alternative source or advanced transportation technology facilities,  
13 or the making of loans to finance alternative source or advanced  
14 transportation technology facilities, and any income or revenue  
15 derived from the investment of money in any fund or account of  
16 the authority.

17 (b) This section shall become inoperative on July 1, 2016, and,  
18 as of January 1, 2017, is repealed, unless a later enacted statute,  
19 that becomes operative on or before January 1, 2017, deletes or  
20 extends the dates on which it becomes inoperative and is repealed.

21 SEC. 2. Section 26003 is added to the Public Resources Code,  
22 to read:

23 26003. (a) As used in this division, unless the context  
24 otherwise requires:

25 (1) “Advanced transportation technologies” means emerging  
26 commercially competitive transportation-related technologies  
27 identified by the authority as capable of creating long-term, high  
28 value-added jobs for Californians while enhancing the state’s  
29 commitment to energy conservation, pollution reduction, and  
30 transportation efficiency. Those technologies may include, but are  
31 not limited to, any of the following:

32 (A) Intelligent vehicle highway systems.

33 (B) Advanced telecommunications for transportation.

34 (C) Command, control, and communications for public transit  
35 vehicles and systems.

36 (D) Electric vehicles and ultralow-emission vehicles.

37 (E) High-speed rail and magnetic levitation passenger systems.

38 (F) Fuel cells.

39 (2) (A) “Alternative sources” means the application of  
40 cogeneration technology, as defined in Section 25134; the

1 conservation of energy; or the use of solar, biomass, wind,  
2 geothermal, hydroelectricity under 30 megawatts, or any other  
3 source of energy, the efficient use of which will reduce the use of  
4 fossil and nuclear fuels.

5 (B) “Alternative sources” does not include a hydroelectric  
6 facility that does not meet state laws pertaining to the control,  
7 appropriation, use, and distribution of water, including, but not  
8 limited to, the obtaining of applicable licenses and permits.

9 (3) “Authority” means the California Alternative Energy and  
10 Advanced Transportation Financing Authority established pursuant  
11 to Section 26004, and any board, commission, department, or  
12 officer succeeding to the functions of the authority, or to which  
13 the powers conferred upon the authority by this division shall be  
14 given.

15 (4) “Cost” as applied to a project or portion of the project  
16 financed under this division means all or part of the cost of  
17 construction and acquisition of all lands, structures, real or personal  
18 property or an interest in the real or personal property, rights,  
19 rights-of-way, franchises, easements, and interests acquired or  
20 used for a project; the cost of demolishing or removing any  
21 buildings or structures on land so acquired, including the cost of  
22 acquiring any lands to which those buildings or structures may be  
23 moved; the cost of all machinery, equipment, and furnishings,  
24 financing charges, interest prior to, during, and for a period after,  
25 completion of construction as determined by the authority; the cost  
26 of the purchase or sale of energy derived from an alternative source  
27 pursuant to paragraph (7) subdivision (a) of Section 26011;  
28 provisions for working capital; reserves for principal and interest  
29 and for extensions, enlargements, additions, replacements,  
30 renovations, and improvements; the cost of architectural,  
31 engineering, financial, accounting, auditing and legal services,  
32 plans, specifications, estimates, administrative expenses, and other  
33 expenses necessary or incident to determining the feasibility of  
34 constructing any project or incident to the construction, acquisition,  
35 or financing of a project.

36 (5) “Financial assistance” includes, but is not limited to, either,  
37 or any combination, of the following:

38 (A) Loans, loan loss reserves, interest rate reductions, proceeds  
39 of bonds issued by the authority, insurance, guarantees or other  
40 credit enhancements or liquidity facilities, contributions of money,

1 property, labor, or other items of value, or any combination thereof,  
2 as determined by, and approved by the resolution of, the board.

3 (B) Any other type of assistance the authority determines is  
4 appropriate.

5 (6) “Participating party” means either of the following:

6 (A) A person, or an entity or group of entities engaged in  
7 business or operations in the state, whether organized for profit or  
8 not for profit, that does either of the following:

9 (i) Applies for financial assistance from the authority for the  
10 purpose of implementing a project in a manner prescribed by the  
11 authority.

12 (ii) Participates in the purchase or sale of energy derived from  
13 an alternative source pursuant to paragraph (7) of subdivision (a)  
14 of Section 26011.

15 (B) A public agency or nonprofit corporation that does either  
16 of the following:

17 (i) Applies for financial assistance from the authority for the  
18 purpose of implementing a project in a manner prescribed by the  
19 authority.

20 (ii) Participates in the purchase or sale of energy derived from  
21 an alternative source pursuant to paragraph (7) of subdivision (a)  
22 of Section 26011.

23 (7) (A) “Project” means a land, building, improvement to the  
24 land or building, rehabilitation, work, property, or structure, real  
25 or personal, stationary or mobile, including, but not limited to,  
26 machinery and equipment, whether or not in existence or under  
27 construction, that utilizes, or is designed to utilize, an alternative  
28 source, or that is utilized for the design, technology transfer,  
29 manufacture, production, assembly, distribution, or service of  
30 advanced transportation technologies, alternative source  
31 components, or an arrangement for the purchase, including  
32 prepayment, or sale of energy derived from an alternative source  
33 pursuant to paragraph (7) of subdivision (a) of Section 26011.

34 (B) “Project,” for the purposes of Section 26011.8, means any  
35 tangible personal property that is utilized for the design,  
36 manufacture, production, or assembly of advanced transportation  
37 technologies or alternative source products, components, or  
38 systems.

39 (8) “Public agency” means a federal or state agency, department,  
40 board, authority, state or community college, university, or

1 commission, or a county, city and county, city, regional agency,  
2 public district, school district, or other political entity.

3 (9) (A) “Renewable energy” means a device or technology that  
4 conserves or produces heat, processes heat, space heating, water  
5 heating, steam, space cooling, refrigeration, mechanical energy,  
6 electricity, or energy in any form convertible to these uses, that  
7 does not expend or use conventional energy fuels, and that uses  
8 any of the following electrical generation technologies:

9 (i) Biomass.

10 (ii) Solar thermal.

11 (iii) Photovoltaic.

12 (iv) Wind.

13 (v) Geothermal.

14 (B) For purposes of this subdivision, “conventional energy fuel”  
15 means any fuel derived from petroleum deposits, including, but  
16 not limited to, oil, heating oil, gasoline, fuel oil, or natural gas,  
17 including liquefied natural gas, or nuclear fissionable materials.

18 (C) Notwithstanding subparagraph (A), for the purposes of this  
19 section, “renewable energy” also means ultralow-emission  
20 equipment for energy generation based on thermal energy systems  
21 such as natural gas turbines; landfill gas turbines, engines, and  
22 microturbines; digester gas turbines, engines, and microturbines;  
23 and fuel cells.

24 (10) “Revenue” means all rents, receipts, purchase payments,  
25 loan repayments, and all other income or receipts derived by the  
26 authority from a project, or the sale, lease, or other disposition of  
27 alternative source or advanced transportation technology facilities,  
28 or the making of loans to finance alternative source or advanced  
29 transportation technology facilities, and any income or revenue  
30 derived from the investment of money in any fund or account of  
31 the authority.

32 (b) This section shall become operative on July 1, 2016.

33 SEC. 3. Section 26011 of the Public Resources Code is  
34 amended to read:

35 26011. (a) The authority is authorized and empowered:

36 (1) To adopt an official seal.

37 (2) To sue and be sued in its own name.

38 (3) To issue bonds, notes, bond anticipation notes, and other  
39 obligations of the authority, including, at the option of the  
40 authority, obligations bearing interest that is taxable for purposes

1 of federal income taxation, for any of its purposes and to fund or  
2 refund the same, all as provided in this division.

3 (4) To determine the location and character of a project to be  
4 financed under the provisions of this division, to lend financial  
5 assistance to a participating party, to enter into loan agreements  
6 with a participating party for the financing of a project including  
7 creating a lien or security interest in the property, to construct,  
8 reconstruct, renovate, replace, lease, as lessor or lessee, and  
9 regulate the same, and to enter into contracts for the sale of a  
10 project, including installment sales or sales under conditional sales  
11 contracts.

12 (5) To fix fees and charges for projects, and interest rates with  
13 respect to loans for projects, and to revise from time to time the  
14 fees and charges and interest rates, and to collect rates, rents, fees,  
15 and charges for the use of, and for a facility or service furnished,  
16 or to be furnished, by a project or part of the project and to contract  
17 with a person, partnership, association, corporation, or public  
18 agency with respect to the project, and to fix the terms and  
19 conditions upon which a project may be sold or disposed of,  
20 whether upon installment sales contracts or otherwise.

21 (6) To employ and fix the compensation of bond counsel,  
22 financial consultants, and advisers as may be necessary in its  
23 judgment in connection with the issuance and sale of any bonds,  
24 notes, bond anticipation notes, or other obligations of the authority;  
25 to contract for engineering, architectural, accounting, or other  
26 services of appropriate state agencies as may be necessary in the  
27 judgment of the authority for the successful development of a  
28 project; and to pay the reasonable costs of consulting engineers,  
29 architects, accountants, and construction experts employed by a  
30 participating party if, in the judgment of the authority, the services  
31 are necessary to the successful development of a project, and the  
32 services are not obtainable from a state agency.

33 (7) To purchase alternative source energy or projects from a  
34 person or entity for sale to a participating party, or to make a loan  
35 to a participating party to purchase alternative source energy or  
36 projects, or to purchase from a person or entity that has contracted  
37 to sell alternative source energy to a participating party the right  
38 to receive purchase payments and related rights under that contract  
39 or any related contracts. Notwithstanding any other applicable law,  
40 the authority and a public agency, for purposes of a program or

1 financing, shall have the power to enter into contractual  
2 arrangements and related agreements or instruments, including,  
3 without limitation, a prepayment purchase contract, lease, loan,  
4 construction, security, operation and maintenance, or other  
5 agreement or instrument, with the authority or with a participating  
6 party, upon the terms and subject to the conditions that may be  
7 necessary or convenient to accomplish the purposes of this  
8 subdivision. The authority shall only enter into a prepayment  
9 contract with a participating party for energy derived from an  
10 alternative source to the extent the prepayment is for energy  
11 intended to primarily offset part or all of the authority's or a  
12 participating party's own electrical requirements.

13 (8) To purchase, with proceeds of its bonds or its revenue, bonds  
14 issued by a public agency described in clause (ii) of subparagraph  
15 (B) of paragraph (7) of subdivision (a) of Section 26003 at a public  
16 or negotiated sale. Bonds purchased pursuant to this subdivision  
17 may be held by the authority or sold to public or private purchasers  
18 at public or negotiated sales, in whole or in part, separately or  
19 together with other bonds issued by the authority.

20 (9) To do all things generally necessary or convenient to carry  
21 out the purposes of this division.

22 (b) This section shall become inoperative on July 1, 2016, and,  
23 as of January 1, 2017, is repealed, unless a later enacted statute,  
24 that becomes operative on or before January 1, 2017, deletes or  
25 extends the dates on which it becomes inoperative and is repealed.

26 SEC. 4. Section 26011 is added to the Public Resources Code,  
27 to read:

28 26011. (a) The authority is authorized and empowered:

29 (1) To adopt an official seal.

30 (2) To sue and be sued in its own name.

31 (3) To issue bonds, notes, bond anticipation notes, and other  
32 obligations of the authority, including, at the option of the  
33 authority, obligations bearing interest that is taxable for purposes  
34 of federal income taxation, for any of its purposes and to fund or  
35 refund the same, all as provided in this division.

36 (4) To determine the location and character of a project to be  
37 financed under the provisions of this division, to lend financial  
38 assistance to a participating party, to enter into loan agreements  
39 with a participating party for the financing of a project including  
40 creating a lien or security interest in the property, to construct,

1 reconstruct, renovate, replace, lease, as lessor or lessee, and  
2 regulate the same, and to enter into contracts for the sale of a  
3 project, including installment sales or sales under conditional sales  
4 contracts.

5 (5) To fix fees and charges for projects, and interest rates with  
6 respect to loans for projects, and to revise from time to time the  
7 fees and charges and interest rates, and to collect rates, rents, fees,  
8 and charges for the use of, and for a facility or service furnished,  
9 or to be furnished, by a project or part of the project and to contract  
10 with a person, partnership, association, corporation, or public  
11 agency with respect to the project, and to fix the terms and  
12 conditions upon which a project may be sold or disposed of,  
13 whether upon installment sales contracts or otherwise.

14 (6) To employ and fix the compensation of bond counsel,  
15 financial consultants, and advisers as may be necessary in its  
16 judgment in connection with the issuance and sale of any bonds,  
17 notes, bond anticipation notes, or other obligations of the authority;  
18 to contract for engineering, architectural, accounting, or other  
19 services of appropriate state agencies as may be necessary in the  
20 judgment of the authority for the successful development of a  
21 project; and to pay the reasonable costs of consulting engineers,  
22 architects, accountants, and construction experts employed by a  
23 participating party if, in the judgment of the authority, the services  
24 are necessary to the successful development of a project, and the  
25 services are not obtainable from a state agency.

26 (7) To purchase alternative source energy or projects from a  
27 person or entity for sale to a participating party, or to make a loan  
28 to a participating party to purchase alternative source energy or  
29 projects, or to purchase from a person or entity that has contracted  
30 to sell alternative source energy to a participating party the right  
31 to receive purchase payments and related rights under that contract  
32 or any related contracts. Notwithstanding any other applicable law,  
33 the authority and a public agency, for purposes of a program or  
34 financing, shall have the power to enter into contractual  
35 arrangements and related agreements or instruments, including,  
36 without limitation, a prepayment purchase contract, lease, loan,  
37 construction, security, operation and maintenance, or other  
38 agreement or instrument, with the authority or with a participating  
39 party, upon the terms and subject to the conditions that may be  
40 necessary or convenient to accomplish the purposes of this

1 subdivision. The authority shall only enter into a prepayment  
2 contract with a participating party for energy derived from an  
3 alternative source to the extent the prepayment is for energy  
4 intended to primarily offset part or all of the authority's or a  
5 participating party's own electrical requirements.

6 (8) To purchase, with proceeds of its bonds or its revenue, bonds  
7 issued by a public agency described in clause (ii) of subparagraph  
8 (B) of paragraph (6) of subdivision (a) of Section 26003 at a public  
9 or negotiated sale. Bonds purchased pursuant to this subdivision  
10 may be held by the authority or sold to public or private purchasers  
11 at public or negotiated sales, in whole or in part, separately or  
12 together with other bonds issued by the authority.

13 (9) To do all things generally necessary or convenient to carry  
14 out the purposes of this division.

15 (b) This section shall become operative on July 1, 2016.

16 SEC. 5. Section 26011.8 of the Public Resources Code is  
17 amended to read:

18 26011.8. (a) The purpose of this section is to promote the  
19 creation of California-based manufacturing, California-based jobs,  
20 advanced manufacturing, the reduction of greenhouse gases, or  
21 reductions in air and water pollution or energy consumption. In  
22 furtherance of this purpose, the authority may approve a project  
23 for financial assistance in the form of the sales and use tax  
24 exclusion established in Section 6010.8 of the Revenue and  
25 Taxation Code.

26 (b) For purposes of this section, the following terms have the  
27 following meanings:

28 (1) "Alternative source," in addition to as provided pursuant to  
29 subdivision (c) of Section 26003, includes advanced electric  
30 distributive generation technology as defined in Section 379.8 of  
31 the Public Utilities Code or energy storage technologies and their  
32 component materials.

33 (2) "Project" means a project as defined in subparagraph (B) of  
34 paragraph (8) of subdivision (a) of Section 26003.

35 (c) The authority shall publish notice of the availability of  
36 project applications and deadlines for submission of project  
37 applications to the authority.

38 (d) The authority shall evaluate project applications based upon  
39 all of the following criteria:

1 (1) The extent to which the project develops manufacturing  
2 facilities, or purchases equipment for manufacturing facilities,  
3 located in California.

4 (2) The extent to which the anticipated benefit to the state from  
5 the project equals or exceeds the projected benefit to the  
6 participating party from the sales and use tax exclusion.

7 (3) The extent to which the project will create new, permanent  
8 jobs in California.

9 ~~(4) The extent to which the project utilizes advanced  
10 manufacturing, as defined in paragraph (1) of subdivision (a) of  
11 Section 26003.~~

12 ~~(5)~~  
13 (4) To the extent feasible, the extent to which the project, or the  
14 product produced by the project, results in a reduction of  
15 greenhouse gases, a reduction in air or water pollution, an increase  
16 in energy efficiency, or a reduction in energy consumption, beyond  
17 what is required by any federal or state law or regulation.

18 ~~(6)~~  
19 (5) The extent of unemployment in the area in which the project  
20 is proposed to be located.

21 ~~(7)~~  
22 (6) Any other factors the authority deems appropriate in  
23 accordance with this section.

24 (e) At a duly noticed public hearing, the authority shall approve,  
25 by resolution, project applications for financial assistance.

26 (f) Notwithstanding subdivision (j), and without regard to the  
27 actual date of any transaction between a participating party and  
28 the authority, any project approved by the authority by resolution  
29 for the sales and use tax exclusion pursuant to Section 6010.8 of  
30 the Revenue and Taxation Code prior to March 24, 2010, shall not  
31 be subject to this section.

32 (g) The Legislative Analyst’s Office shall report to the Joint  
33 Legislative Budget Committee on the effectiveness of this program,  
34 on or before January 1, 2019, by evaluating factors, including, but  
35 not limited to, the following:

36 (1) The number of jobs created by the program in California.

37 (2) The number of businesses that have remained in California  
38 or relocated to California as a result of this program.

39 (3) The amount of state and local revenue and economic activity  
40 generated by the program.

1 (4) The types of advanced manufacturing, as defined in  
2 paragraph (1) of subdivision (a) of Section 26003, utilized.

3 (5) The amount of reduction in greenhouse gases, air pollution,  
4 water pollution, or energy consumption.

5 (h) Once the exclusions granted pursuant to Section 6010.8 of  
6 the Revenue and Taxation Code for projects approved by the  
7 authority pursuant to this section exceed one hundred million  
8 dollars (\$100,000,000) annually, the authority shall provide a  
9 20-day notice to the Legislature prior to making additional  
10 approvals pursuant to this section.

11 (i) The authority shall make every effort to expedite the  
12 operation of this section, and shall adopt regulations for purposes  
13 of implementing the section as emergency regulations in  
14 accordance with Chapter 3.5 (commencing with Section 11340)  
15 of Part 1 of Division 3 of Title 2 of the Government Code. For  
16 purposes of that Chapter 3.5, including Section 11349.6 of the  
17 Government Code, the adoption of the regulations shall be  
18 considered by the Office of Administrative Law to be necessary  
19 for the immediate preservation of the public peace, health and  
20 safety, and general welfare.

21 (j) (1) The authority shall study the efficacy and cost benefit  
22 of the sales and use tax exemption as it relates to advanced  
23 manufacturing projects. The study shall include the number of jobs  
24 created, the costs of each job, the annual salary of each job. The  
25 study shall also consider a dynamic analysis of the economic output  
26 to the state that would occur without the sales and use tax  
27 exemption. The authority shall work with the Legislative Analyst's  
28 Office to determine the most efficient and cost effective way for  
29 the state to create jobs in advanced manufacturing.

30 (2) The authority shall work with the University of California  
31 or the California State University to perform a peer review of the  
32 net benefits test currently used to evaluate applicants applying  
33 pursuant to this section.

34 (3) *Before January 1, 2017, the authority shall, in compliance*  
35 *with Section 9795 of the Government Code, submit to the*  
36 *Legislature a report on the study performed pursuant to paragraph*  
37 *(1).*

38 (k) ~~This~~ (1) *Except as provided in paragraph (2), this section*  
39 *shall become inoperative on July 1, 2016, and, as of January 1,*  
40 *2017, is repealed, unless a later enacted statute, that becomes*

1 operative on or before January 1, 2017, deletes or extends the dates  
2 on which it becomes inoperative and is repealed. The sale or  
3 purchase of tangible personal property of a project approved prior  
4 to June 30, 2016, shall continue to be excluded from sales and use  
5 taxes pursuant to Section 6010.8 of the Revenue and Taxation  
6 Code for the period of time set forth in the authority's resolution  
7 approving the project pursuant to this section.

8 *(2) Notwithstanding paragraph (1), the authority's obligation*  
9 *to submit to the Legislature a report pursuant to paragraph (3) of*  
10 *subdivision (j) shall remain operative until the submission of the*  
11 *report.*

12 SEC. 6. Section 26011.8 is added to the Public Resources Code,  
13 to read:

14 26011.8. (a) The purpose of this section is to promote the  
15 creation of California-based manufacturing, California-based jobs,  
16 the reduction of greenhouse gases, or reductions in air and water  
17 pollution or energy consumption. In furtherance of this purpose,  
18 the authority may approve a project for financial assistance in the  
19 form of the sales and use tax exclusion established in Section  
20 6010.8 of the Revenue and Taxation Code.

21 (b) (1) For purposes of this section, "project" means a project  
22 as defined in subparagraph (B) of paragraph (7) of subdivision (a)  
23 of Section 26003.

24 (2) For purposes of this section, "alternative sources" also  
25 includes advanced electric distributive generation technology as  
26 defined in Section 379.8 of the Public Utilities Code or energy  
27 storage technologies and their component materials.

28 (c) The authority shall publish notice of the availability of  
29 project applications and deadlines for submission of project  
30 applications to the authority.

31 (d) The authority shall evaluate project applications based upon  
32 all of the following criteria:

33 (1) The extent to which the project develops manufacturing  
34 facilities, or purchases equipment for manufacturing facilities,  
35 located in California.

36 (2) The extent to which the anticipated benefit to the state from  
37 the project equals or exceeds the projected benefit to the  
38 participating party from the sales and use tax exclusion.

39 (3) The extent to which the project will create new, permanent  
40 jobs in California.

1 (4) To the extent feasible, the extent to which the project, or the  
2 product produced by the project, results in a reduction of  
3 greenhouse gases, a reduction in air or water pollution, an increase  
4 in energy efficiency, or a reduction in energy consumption, beyond  
5 what is required by any federal or state law or regulation.

6 (5) The extent of unemployment in the area in which the project  
7 is proposed to be located.

8 (6) Any other factors the authority deems appropriate in  
9 accordance with this section.

10 (e) At a duly noticed public hearing, the authority shall approve,  
11 by resolution, project applications for financial assistance.

12 (f) Notwithstanding subdivision (j), and without regard to the  
13 actual date of any transaction between a participating party and  
14 the authority, any project as defined in paragraph (7) of subdivision  
15 (a) of Section 26003 approved by the authority by resolution for  
16 the sales and use tax exclusion pursuant to Section 6010.8 of the  
17 Revenue and Taxation Code prior to March 24, 2010, shall not be  
18 subject to this section.

19 (g) The Legislative Analyst's Office shall report to the Joint  
20 Legislative Budget Committee on the effectiveness of this program,  
21 on or before January 1, 2019, by evaluating factors, including, but  
22 not limited to, the following:

23 (1) The number of jobs created by the program in California.

24 (2) The number of businesses that have remained in California  
25 or relocated to California as a result of this program.

26 (3) The amount of state and local revenue and economic activity  
27 generated by the program.

28 (4) The amount of reduction in greenhouse gases, air pollution,  
29 water pollution, or energy consumption.

30 (h) Once the exclusions granted pursuant to Section 6010.8 of  
31 the Revenue and Taxation Code for projects approved by the  
32 authority pursuant to this section exceed one hundred million  
33 dollars (\$100,000,000) annually, the authority shall provide a  
34 20-day notice to the Legislature prior to making additional  
35 approvals pursuant to this section.

36 (i) The authority shall make every effort to expedite the  
37 operation of this section, and shall adopt regulations for purposes  
38 of implementing the section as emergency regulations in  
39 accordance with Chapter 3.5 (commencing with Section 11340)  
40 of Part 1 of Division 3 of Title 2 of the Government Code. For

1 purposes of that Chapter 3.5, including Section 11349.6 of the  
2 Government Code, the adoption of the regulations shall be  
3 considered by the Office of Administrative Law to be necessary  
4 for the immediate preservation of the public peace, health and  
5 safety, and general welfare.

6 (j) The authority shall work with the University of California  
7 or the California State University to perform a peer review of the  
8 net benefits test currently used to evaluate applicants applying  
9 pursuant to this section.

10 (k) This section shall become operative on July 1, 2016, and  
11 shall remain in effect only until January 1, 2021, and as of that  
12 date is repealed. The sale or purchase of tangible personal property  
13 of a project approved prior to January 1, 2021, shall continue to  
14 be excluded from sales and use taxes pursuant to Section 6010.8  
15 of the Revenue and Taxation Code for the period of time set forth  
16 in the authority’s resolution approving the project pursuant to this  
17 section.

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